

THE SUNFLOWER STATE – ASSESSING OUR BUSINESS GARDEN

2017 KANSAS SMALL BUSINESS NEEDS ASSESSMENT RESULTS



A REPORT BY
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CENTER FOR RURAL AFFAIRS, AND KANSAS HISPANIC & LATINO AFFAIRS COMMISSION



CENTER *for*
RURAL AFFAIRS



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I. ABOUT THE PARTNERING ORGANIZATIONS

The Center for Rural Affairs and Kansas Hispanic & Latino American Affairs Commission worked collaboratively in writing this report and are both available to present data. Other partnering organizations in Kansas were instrumental in distributing the survey to desired audiences.

A. CENTER FOR RURAL AFFAIRS

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.

Rural Enterprise Assistance Project is a Center for Rural Affairs program that serves microenterprises (businesses with up to 10 full-time equivalent employees) in rural communities in Nebraska. The program has 12 staff, mostly located in home-based regional offices, and consists of four elements: credit (loans), technical assistance (business coaching), networking, and training.

Working hand-in-hand with Rural Enterprise Assistance Project, the Rural Investment Corporation is a Center for Rural Affairs subsidiary. The Rural Investment Corporation is a certified Community Development Financial Institution with a mission to provide financing and technical assistance in support of community development, including startup and expansion of small businesses, creation of jobs and other community assets, and to improve access to services and ownership opportunities, especially for low-income or otherwise disadvantaged people. Community Development Financial Institutions are privately run and are dedicated to delivering responsible, affordable lending. Each institution helps low-income, low-wealth, and other disadvantaged people and communities join the economic mainstream.

B. KANSAS HISPANIC & LATINO AMERICAN AFFAIRS COMMISSION

The Kansas Hispanic & Latino American Affairs Commission is a seven member body appointed by the governor. The commission serves as a liaison between the Kansas Hispanic and Latino

communities and the Office of the Governor. Staff address public policy concerns primarily related to education, health, and business, and work closely with the Kansas Hispanic & Latino American Legislative Caucus and other state agencies to improve the lives of all Kansans.

The Kansas Hispanic & Latino American Affairs Commission began as the Kansas Advisory Committee on Mexican American Affairs (KACMAA) in 1974 as an effort to eliminate official neglect and to provide opportunities for Hispanic advancement in Kansas. In 1976, the organization was placed under the jurisdiction of the Secretary of Human Resources.

Programs attempted to heighten cultural awareness of Hispanics. KACMAA concentrated on projects to examine and highlight the primarily Mexican heritage of the people. Using culture and the arts, KACMAA sponsored numerous outreach activities, particularly to youth in schools and universities.

To facilitate community evolution and maturation, KACMAA changed its focus in 1980. Then, work was intended to heighten awareness of the political process, teaching proper methods to gain access to the governor and legislature by asserting the community's natural rights. The organization also focused on economic development for a community in which few people own businesses.

Throughout the years, the name evolved. In 1986, its name became the Kansas Advisory Committee on Hispanic Affairs. In 2007, the organization was renamed once again to Kansas Hispanic & Latino American Affairs Commission.

II. ABOUT THE CO-AUTHORS

A winning strategy starts with assessment. That was the foundation that brought Adrienne Vallejo-Foster, of the Kansas Hispanic & Latino American Affairs Commission, and Dena Beck, of the Center for Rural Affairs, together at the 2016 Growing Entrepreneurial Communities Summit on May 4 and 5, 2016.

The goal of the conference was to take a deeper dive into the idea of building a community-based entrepreneurial ecosystem, both for rural and metropolitan communities. This conference brought together traditional economic developers, chamber leaders, university researchers and faculty, and nonprofit support organizations.

By the end of conference, Beck and Foster had agreed to partner in developing the 2017 Kansas Small Business Needs Assessment.

A. DENA R. BECK

Beck is a loan specialist and senior project leader with the Center for Rural Affairs' Rural Enterprise Assistance Project and Rural Investment Corporation. She is the creator of the original Small Business Needs Assessment survey and is one of several hard-working, mission-driven loan specialists working in rural Nebraska.

Beck has worked with small businesses in rural communities for more than 16 years. She has created a Rural Enterprise Assistance Project Loan Exit Survey, Business Plan Basics Boost Loan, and Board Exit Survey. She also played a significant role in preparing the Rural Investment Corporation in becoming a certified Community Development Financial Institution. Other accomplishments include receiving the Partnership for Rural Nebraska's Connecting Nebraska Award, Small Business Administration's Financial Champion Award for the 3rd District of Nebraska, and Nebraska Association of Elementary Principals' Award of Excellence (Financial Literacy Program).

Beck's professional affiliations include Nebraska Economic Developers' Association (member and member of legislative, education, and new member committees); South Central Resource Conservation and Development Council (president, council member, and state secretary); South Platte United Chambers of Commerce (member, former president, and central Nebraska representative); PK (Phelps and Kearney counties) Partnership Coalition (member); Nebraska Development Network-Central Region (secretary and former president); and Nebraska Judicial Nominating Commission – 10th District Court alternate.

Her educational background includes University of New Hampshire Carsey School of Public Policy's certificate in community development finance, Peru State College master's degree in organizational management with minors in entrepreneurship and economic development, Heartland Economic Development course certificate, Kansas State University bachelor's degree in horticultural therapy, Lombard Mennonite Peace Center certificate in conflict resolution, and PK Area Leadership Course graduate.

Beck and her husband, David, an emergency room registered nurse, returned to their hometown of Minden, Nebraska. Their family includes two daughters and many animals, on 20 acres.

B. ADRIENNE VALLEJO-FOSTER

Foster, executive director of the Kansas Hispanic & Latino American Affairs Commission, was appointed to the commission by Gov. Sam Brownback in May 2011.

In April 2009, she was elected mayor of Roeland Park, Kansas, which became known as "The Best Little Town in Town." Prior to her mayoral election, Foster served as city councilwoman for Ward IV in Roeland Park from 2005 to 2009. She served on the National League of Cities and is a former president of Women in Municipal Government, as well as former president of Hispanic Elected Local Officials.

Foster obtained a master's degree in public administration from the University of Missouri at Kansas City in 2004 and a bachelor's degree in public administration from Washburn University in Topeka, Kansas, in 1999.

She is very active in the Latino community locally, statewide, and nationally; serves on the board of directors for both the Greater Kansas City Hispanic Chamber of Commerce and the Wichita Hispanic Chamber of Commerce; was elected to the National American Latino Elected and Appointed Officials; and is engaged in many other Latino communities throughout Kansas. She also participates in many civic organizations as a member where she acts as a connector for her Hispanic community and constituents.

Foster and her husband, Stephen, have five sons and reside in Roeland Park, Kansas.

III. PARTNERS

The following organizations were instrumental in customizing the Kansas survey as well as distributing it to businesses and those who serve them:

- Kansas Department of Commerce (kansascommerce.com)
- Kansas Economic Development Alliance (kansaseda.com)
- Kansas Hispanic Economic Development Corporation (kchedc.org/hedc)
- NetWork Kansas (networkkansas.com)
- Phillips County Kansas Economic Development (phillipscountykansas.com)

- Russell County Kansas Economic Development and Convention and Visitors Bureau (russellcoks.org)
- Western Kansas Rural Economic Development Alliance (wKREDA) (wkreda.com)

IV. SURVEY METHODOLOGY

The Kansas Small Business Needs Assessment survey is modeled after a fifth in a series of biennial surveys in Nebraska. The first survey in 2007 began with, *How do we know we are offering the products and services that businesses need?*

The self-administered survey in Kansas was available Feb. 15 through May 5, 2017, and delivered in a variety of ways: shared on various listservs; broadcast from Kansas resource providers; and through chambers of commerce, lenders, the Kansas Department of Commerce, and other organizations.

This survey, which has an eight-year track record in Nebraska, focuses on Kansas. Questions from the Nebraska survey were used, with Kansas-specific questions added. This survey is unique because it asks businesses, as well as those who serve them, what businesses need.

The results will be used to assess the needs of Kansas businesses and identify strengths and areas that need attention.

The survey has also been implemented in South Dakota, and results will be released soon. In 2018, the Center for Rural Affairs will then compare the business needs of Kansas, South Dakota, and Nebraska, which have very similar demographics and economies.

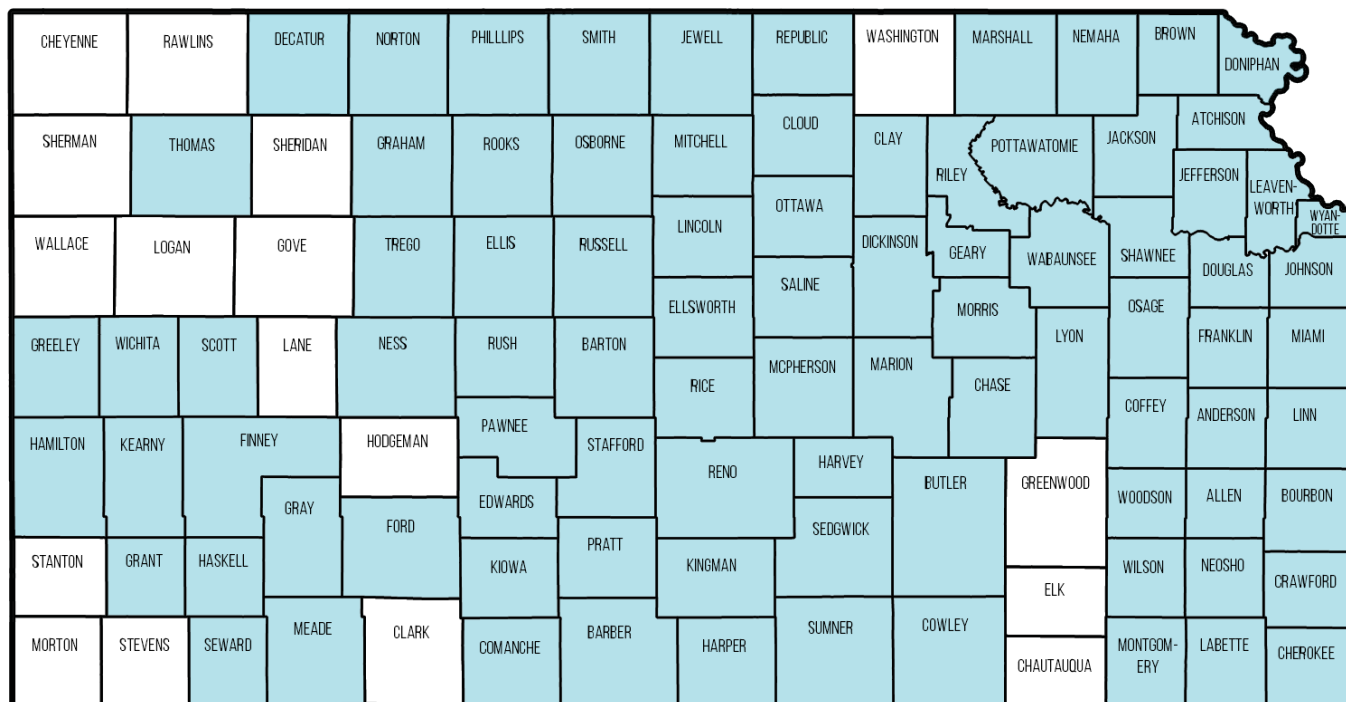
The survey was created in Survey Monkey and contained both multiple choice questions and open-ended questions. Due to rounding, percentage totals may not equal 100 percent.

The Small Business Needs Assessment survey was introduced to Nebraska in 2007. The intention of the survey was to study Center for Rural Affairs' Rural Enterprise Assistance Project clients. Organizers invited participation from clients, other business owners, aspiring business owners, and those who work with all entrepreneurs. The survey has been administered biennially since 2007. This is the first survey conducted in another state.



Photo by Kansas Department of Wildlife, Parks & Tourism features a selection of Salina, Kansas, small businesses.

FIGURE 1. RESPONSES BY COUNTY



Counties who had survey participants are highlighted in above map.

V. WHO RESPONDED TO THE SURVEY?

The survey had 533 total responses, with 393 from businesses and aspiring businesses, and 140 from entities that serve businesses, such as economic developers, chambers of commerce, lenders, etc. Respondents represent 84 percent of counties in Kansas. See Figure 1.

Respondents came from rural and urban areas alike with the average age of the business owner at 52 years old. The majority of respondents were male; 56 percent compared to 44 percent female. See Figure 2. The majority identified themselves as white and non-Hispanic or Latino. See Table 1.

FIGURE 2. RESPONSES BY GENDER

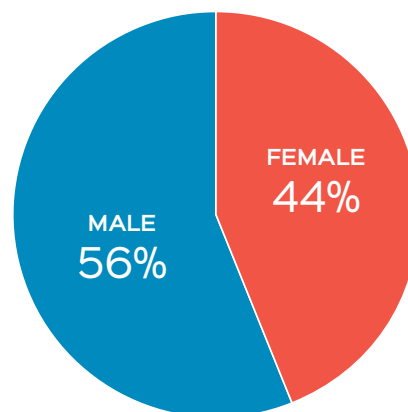


TABLE 1. RESPONSES BY ETHNICITY

Ethnicity	Percentage
Hispanic or Latino	6.8%
Not Hispanic or Latino	93.2%

White was the predominant indication of race by respondents (96.60 percent), followed by American Indian or Alaska Native (2.43 percent), Black or African American (2.43 percent), and Native Hawaiian or other Pacific Islander (0.49 percent). See Figure 3 which reflects the percent of respondents, and compare to Figure 4 which includes the overall race population for Kansas.

FIGURE 3. RESPONSES BY RACE

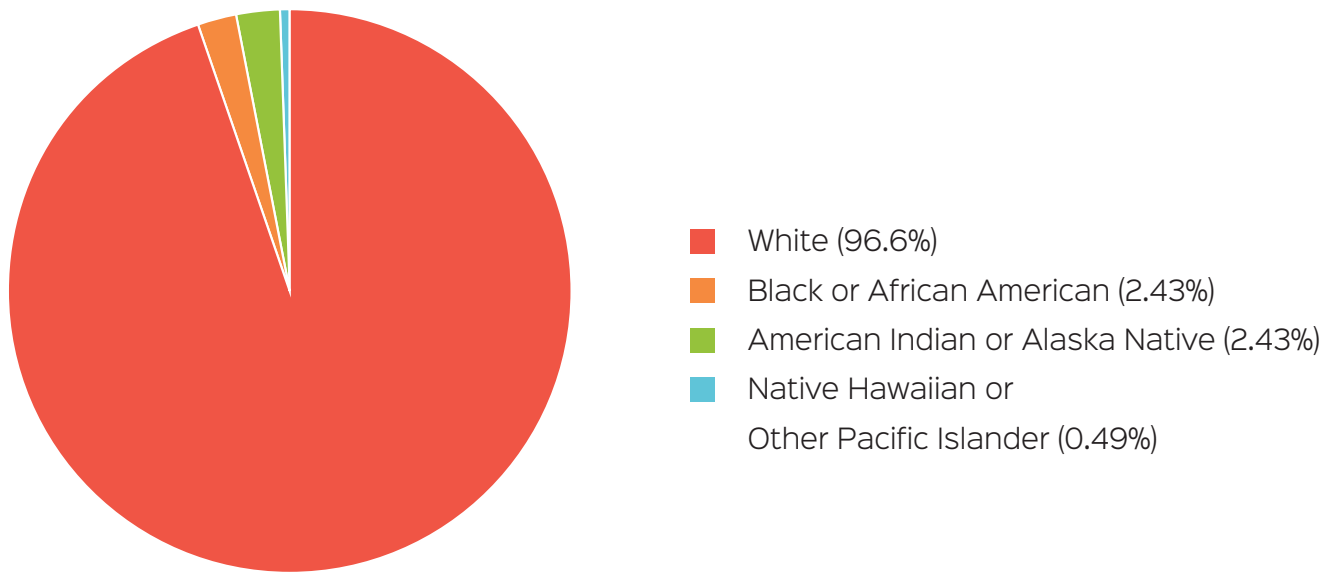
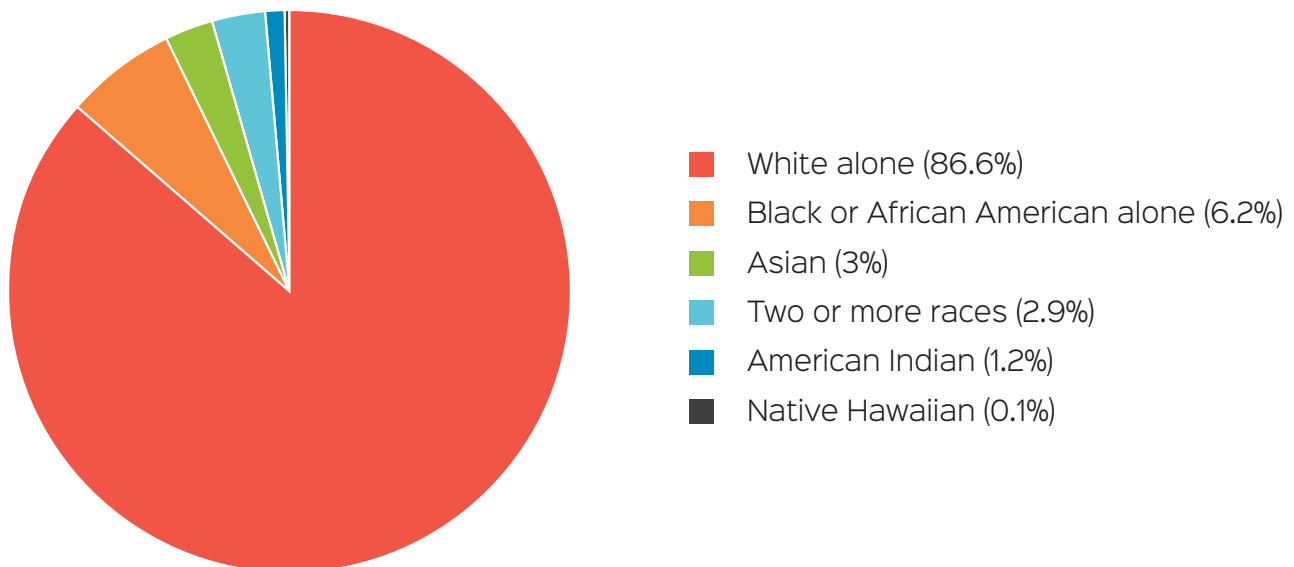


FIGURE 4. POPULATION BY RACE IN KANSAS, 2016



According to the 2016 Quickfacts U.S. Census, Hispanic Kansans¹ represent 11.6 percent or 337,245 of the state's population of 2,907,289.

The number of Hispanic-owned businesses in Kansas account for 2.4 percent of all Kansas firms with total receipts of more than \$1 million.²

A majority of respondents, nearly 57 percent, identified as business owners. Aspiring business owners came in at 6 percent. Lenders and resource providers (not business owners and those who assist businesses and entrepreneurs) totaled 35 percent of respondents. See Figure 5.

The goal of the Small Business Needs Assessment was for Kansas businesses to represent at least 50 percent of respondents. This goal was reached. Analyzing survey answers from people who serve businesses is important to get a complete view of needs in the state.

1 U.S. Census Bureau. "Quickfacts: Kansas." July 1, 2016. <https://www.census.gov/quickfacts/fact/table/KS/RHI725216#viewtop>

2 U.S. Small Business Administration Office of Advocacy. "Small Business Profile: Kansas." 2016. <https://www.sba.gov/sites/default/files/advocacy/Kansas.pdf>

VI. BUSINESS OWNERS AND ASPIRING BUSINESS OWNER RESPONSES

To see differences and correlations between businesses and those who serve them, the questions in the survey were divided into two categories. This section focuses on responses from 393 business owners or aspiring business owners.

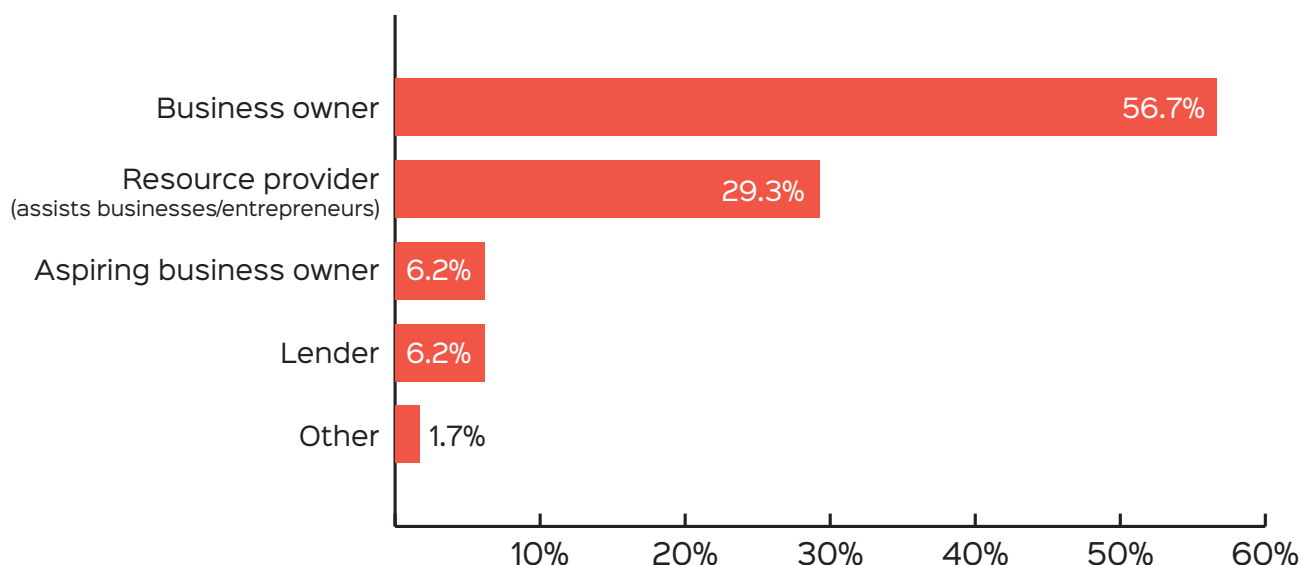
A. DEMOGRAPHICS

Business owners who responded (57 percent of total respondents) identified themselves in the following stages of business:

- 76.25 percent existing (at the business for more than one year);
- 19.17 percent transitioning (within 10 years of exiting the business);
- 3.33 percent new (within the first year of the business); and
- 1.25 percent preventure (startup stage).

See Figure 6 on the next page.

FIGURE 5. RESPONSES BY BUSINESS AFFILIATION



B. BUSINESS CATEGORIES

Of the business owners who answered,³ service businesses were the most prevalent, with retail and manufacturing a close second. See Figure 7.

Business responses were:

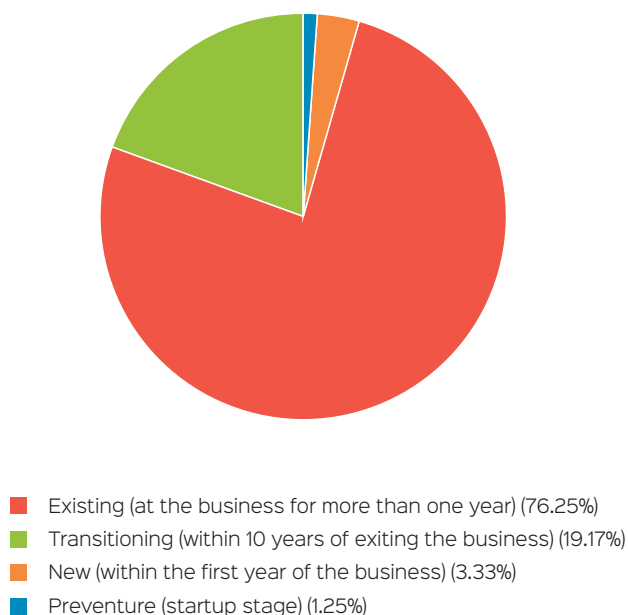
- 121 service;
- 49 retail;
- 33 manufacturing;
- 18 agriculture;
- 10 construction; and
- 7 online.

C. FINANCING NEEDS

The survey asked if the business had a financing need within the next 6 months or the next 6 to 12 months, and the anticipated dollar amount needed. Respondents were also asked if they had business financing secured.

3 98 business owners skipped this question.

FIGURE 6. DEMOGRAPHICS – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS



Forty-three percent of respondents answered *yes* or *unsure* to a financing need within six months, then answered the *anticipated dollar amount needed in the next six months*. See Figure 8.

Of respondents with an anticipated need in the next six months, a majority (21) need \$300,001+, while 14 businesses need \$10,000 or less.

These were the highest and lowest dollar amounts on the survey. See Figure 9.

FIGURE 7. TYPE OF BUSINESS – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS

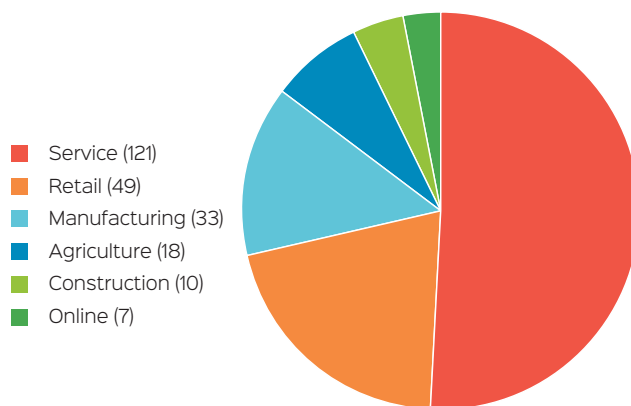


FIGURE 8. FINANCING NEED WITHIN SIX MONTHS – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS

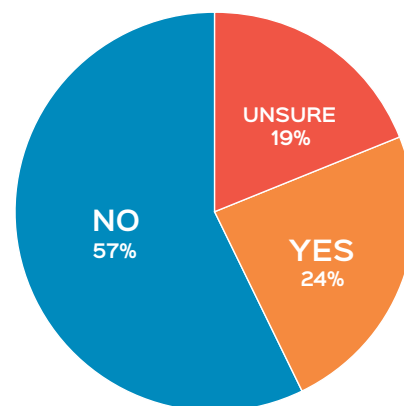
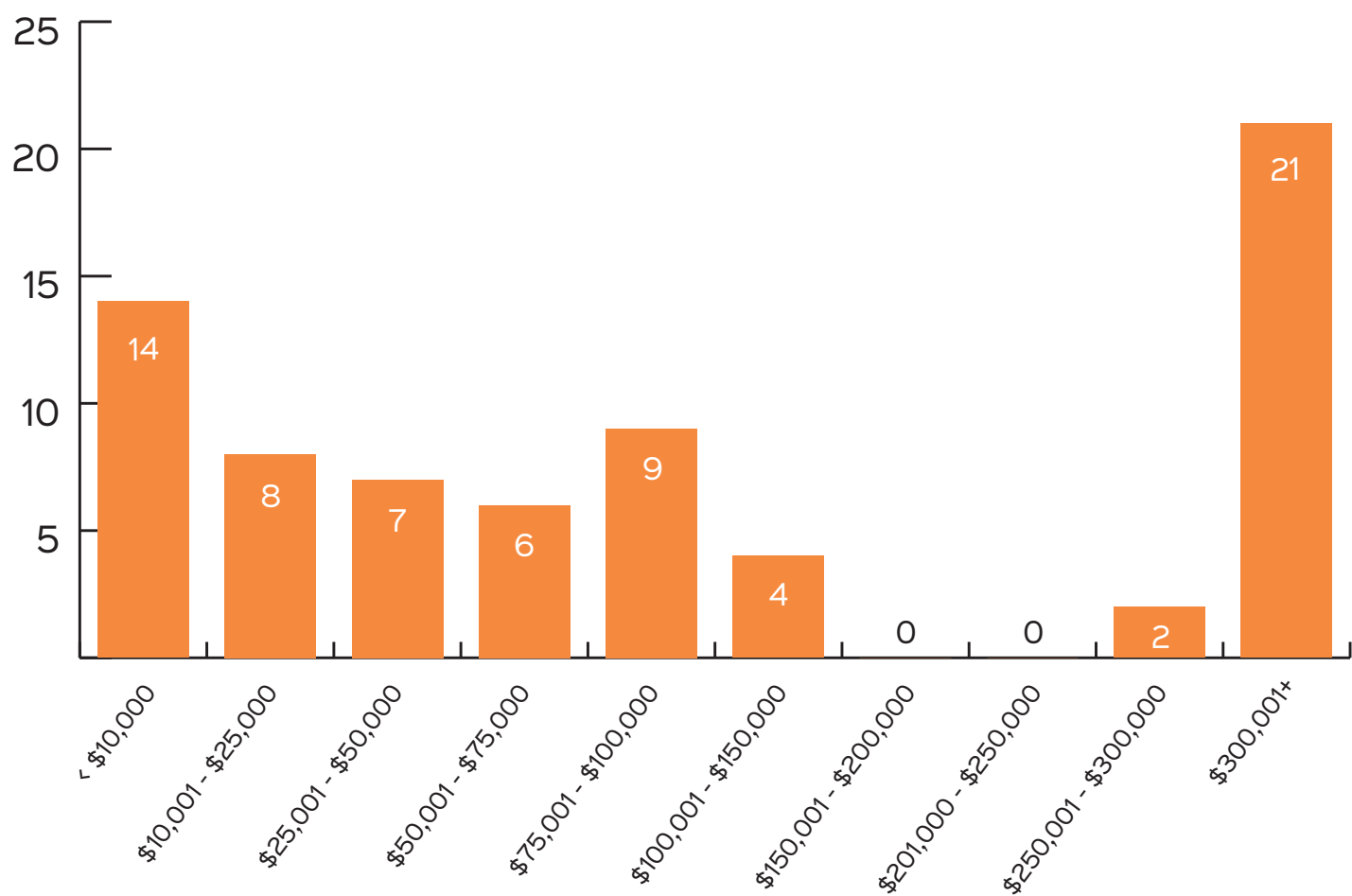


FIGURE 9. ANTICIPATED DOLLAR AMOUNT NEEDED WITHIN SIX MONTHS – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS



Nearly 68 percent need a loan size of \$150,000 and less (the size of loans offered by the Center for Rural Affairs). Of respondents who need \$150,000 or less, the majority (60 percent) fits into the micro-loan range of \$50,000 and less, which can be difficult to obtain from a traditional lender.⁴

Anticipated needs within the next six months:

- 21 responded with \$300,001 and up;

⁴ Traditional lender information was derived from a Center for Rural Affairs study completed in 2013.

- 2 responded with \$250,001 to \$300,000;
- 4 responded with \$100,001 to \$150,000;
- 9 responded with \$75,001 to \$100,000;
- 6 responded with \$50,001 to \$75,000;
- 7 responded with \$25,001 to \$50,000;
- 8 responded with \$10,001 to \$25,000; and
- 14 responded with \$10,000 or less.
- There were no responses with \$150,001 to \$250,000.

Next, the survey asked, *Do you anticipate a financing need in the next 6 to 12 months for your business?* Not surprisingly, the *unsure* option increases when respondents project a need 6 to 12 months away. See Figure 10.

Again, the top two dollar amounts anticipated were \$300,001+ (20 responses) and less than \$10,000 (18 responses), respectively. Sixty-eight percent stated an anticipated need of \$150,000 and less, with 86 percent (of those who need \$150,000 and less) needing a microloan of \$50,000 and less. See Figure 11.

FIGURE 10. FINANCING NEED WITHIN 6 TO 12 MONTHS – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS

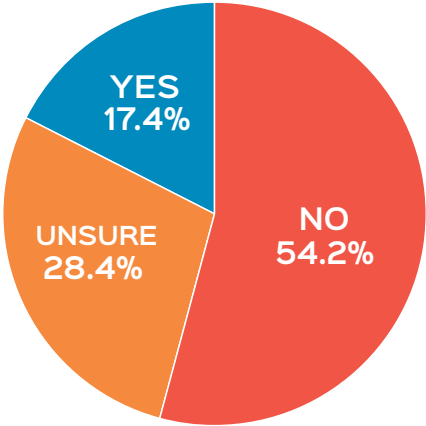
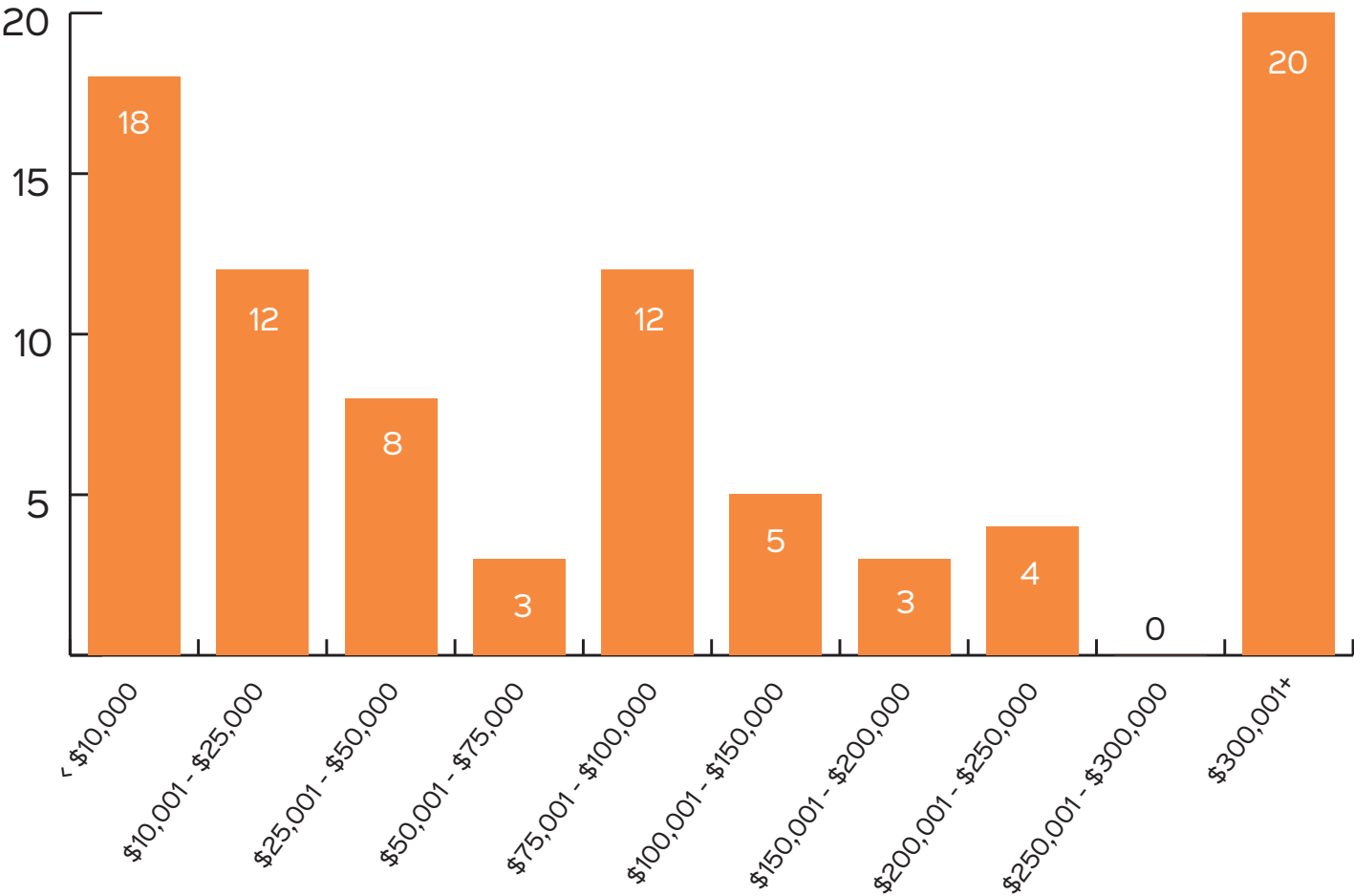
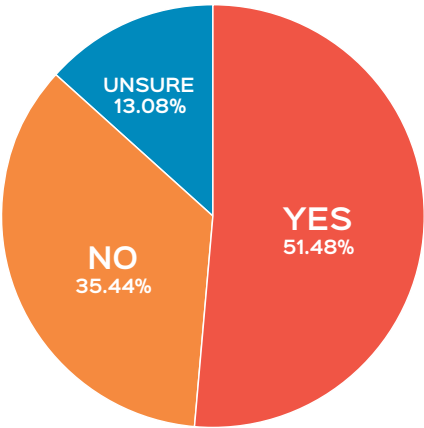


FIGURE 11. ANTICIPATED DOLLAR AMOUNT NEEDED WITHIN 6 TO 12 MONTHS – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS



When asked whether or not financing was secured for their business needs, nearly half of respondents (115) stated they either did not have financing secured or were unsure. See Figure 12. This is an opportunity for Kansas programs that offer technical assistance and counseling to help business owners prepare to seek financing.

FIGURE 12. BUSINESSES THAT HAVE SECURED FINANCING – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS



D. NUMBER OF EMPLOYEES

The survey asked, *How many employees does your business employ, including yourself? Please include all employees, even if they are part-time or seasonal.* The number of employees is important to note when determining financing needs, gross revenue, and other business needs.

The majority of respondents had 2 to 5 employees (36 percent), followed closely by 11 or more employees (31 percent). See Figure 13. Twenty-two percent of respondents employ only themselves, either part- or full-time. Sixty-nine percent of businesses were microenterprises (defined as those with 10 or fewer full-time equivalent employees⁵).

Microenterprises represent 92 percent of all U.S. businesses. These businesses largely impact job growth; they contributed to the creation of more

5 Headd, Brian. “Small Business Facts: The Role of Microbusiness Employers in the Economy.” U.S. Small Business Administration Office of Advocacy. August 2017. https://www.sba.gov/sites/default/files/508FINAL_Aug17Microbusiness.pdf?utm_medium=email&utm_source=govdelivery

FIGURE 13. NUMBER OF EMPLOYEES – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS

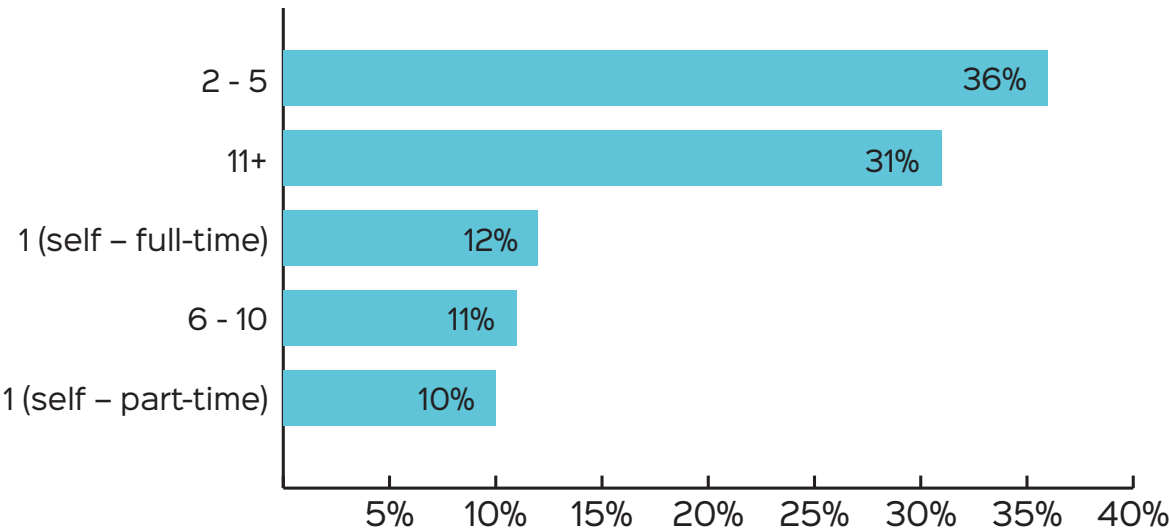


TABLE 2. SMALLER STATES WITH THE BIGGEST POSITIVE SHIFT IN RANK – STARTUP ACTIVITY INDEX

State	Rank 2017	Rank 2016	Change
Connecticut	18	22	4
Vermont	9	13	4
Kansas	15	18	3

than 26 million jobs in 2017, the most of any industry. They also had a part in the creation of 1.9 million indirect jobs and 13.4 million induced jobs.⁶

The Kansas Secretary of State’s office recorded 170,489 businesses registered in 2014, an increase of 9,753 from 2013. That was the second highest increase in the past decade, following a 14,810 increase from 2005 to 2006. In 2016, Kansas Secretary of State Kris Kobach reported that new business filings set another record.

6 Small Business Bank. “Microbusiness vs. small business.” 2016. <https://www.smallbusinessbank.com/about/micro-vs-small-business/>

There were 18,147⁷ new domestic business filings and the total number of entities in existence set the record at 187,305. This can be seen as a result of Kansas lawmakers in 2012 eliminating income taxes for the owners of certain businesses, such as limited-liability corporations and S corporations.

Job growth is critically dependent on new business formation. Several studies have found that startups and young firms drive overall job creation.⁸

The Kauffman Index Startup Activity⁹ suggests Kansas is one of the three states in the U.S. with the biggest positive shift in rank for startup activity.¹⁰ See Table 2 for the top three states.

7 Trabert, Dave. “New business filings set another record in Kansas.” Kansas Policy Institute. Feb. 15, 2017. <https://kansaspolicy.org/new-business-filings-sets-another-record-kansas/>

8 Franko, James. “A Thousand Flowers Blooming: Understanding Job Growth and the Kansas Tax Reforms.” Kansas Policy Institute. Jan. 5, 2017. <https://kansaspolicy.org/job-growth-and-kansas-tax-reforms/>

9 Kauffman Foundation. “The Kauffman Index of Startup Activity.” 2017. <http://www.kauffman.org/kauffman-index/reporting/startup-activity>

10 Hart, Megan. “Number of businesses in Kansas increased by second-highest amount in decade in 2014.” The Topeka Capital-Journal. Feb. 17, 2015. <http://cjonline.com/news-business-state/2015-02-17/number-businesses-kansas-increased-second-highest-amount-decade-2014>



Photo by Kansas Department of Wildlife, Parks & Tourism features small businesses in Marysville, Kansas.

E. BUSINESS NEEDS: STARTUP

All business owners, whether a startup or a seasoned business, were asked what their greatest need was while starting up. Respondents could mark all that applied.

Marketing (67) and *lack of startup cash* (62) were the top two responses, followed by *no startup difficulties* (54). Listed under *other* were *regulations, taxation, and workforce issues*. See Figure 14.

Out of the 54 respondents who stated they had no startup difficulties, only 1 was a new business (within first year), 42 were existing (more than one year in business), and 11 were transitioning (within 10 years of exiting the business).

F. BUSINESS NEEDS: CURRENT

Respondents were asked the greatest current needs of existing or aspiring businesses. They could mark all that applied.

Marketing took the top need again (69), followed by a *lack of market awareness* (49). See Figure 15. To address this need, many programs are in existence. Several organizations in Kansas and the Center for Rural Affairs provide training and one-on-one counseling.

Listed under *other* were *regulations, taxation, and workforce issues*. As stated earlier, job growth is critically dependent on new business formation. If businesses do not have the workforce they need, they will struggle to grow. Providers must be cognitive of this and continue to watch, evaluate, and communicate with businesses to identify their workforce needs.

FIGURE 14. STARTUP DIFFICULTIES – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS

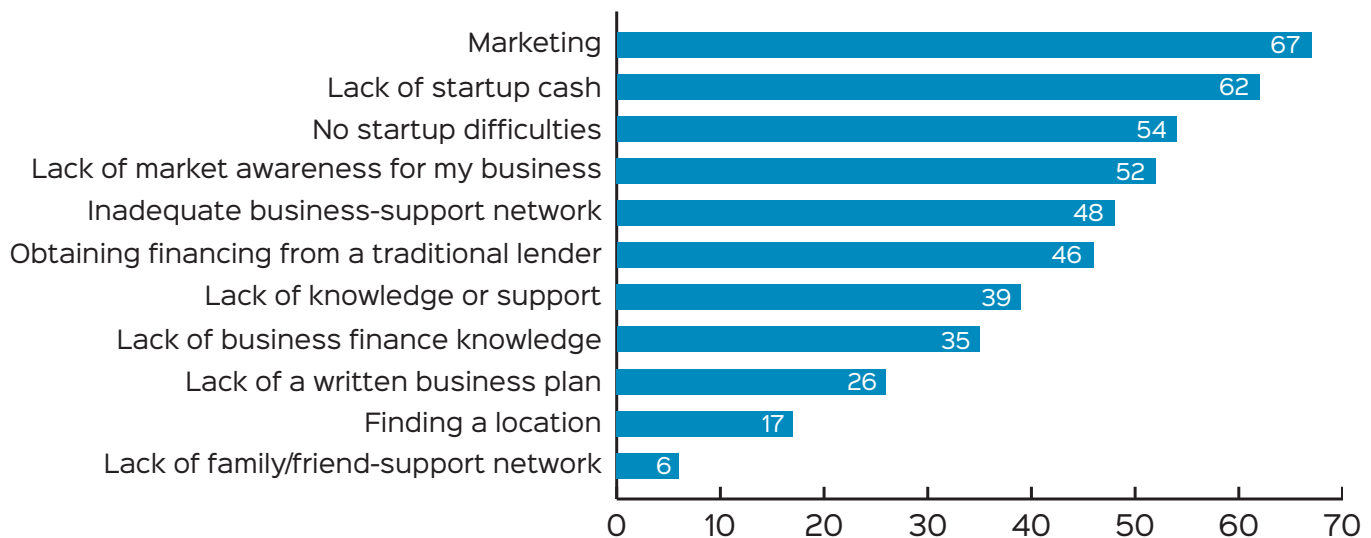


FIGURE 15. CURRENT BUSINESS NEEDS – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS



Customers’ vehicles line a street in Manhattan, Kansas. Photo by Kansas Department of Wildlife, Parks & Tourism.

Workforce issues that were identified as current business needs include:

- Availability of employees (in particular, truck drivers);
- Difficulty in finding good salespeople and technical personnel;
- Finding and keeping good employees;
- Finding personnel;
- Getting qualified employees;
- Lack of qualified employees;
- Lack of skilled carpenters;
- More potential labor;
- Recruiting and staffing along with providing benefits or other employee incentives;
- Skilled employees;
- Trainable employees (twice stated); and
- Trying to attract talent.

G. GROSS SALES

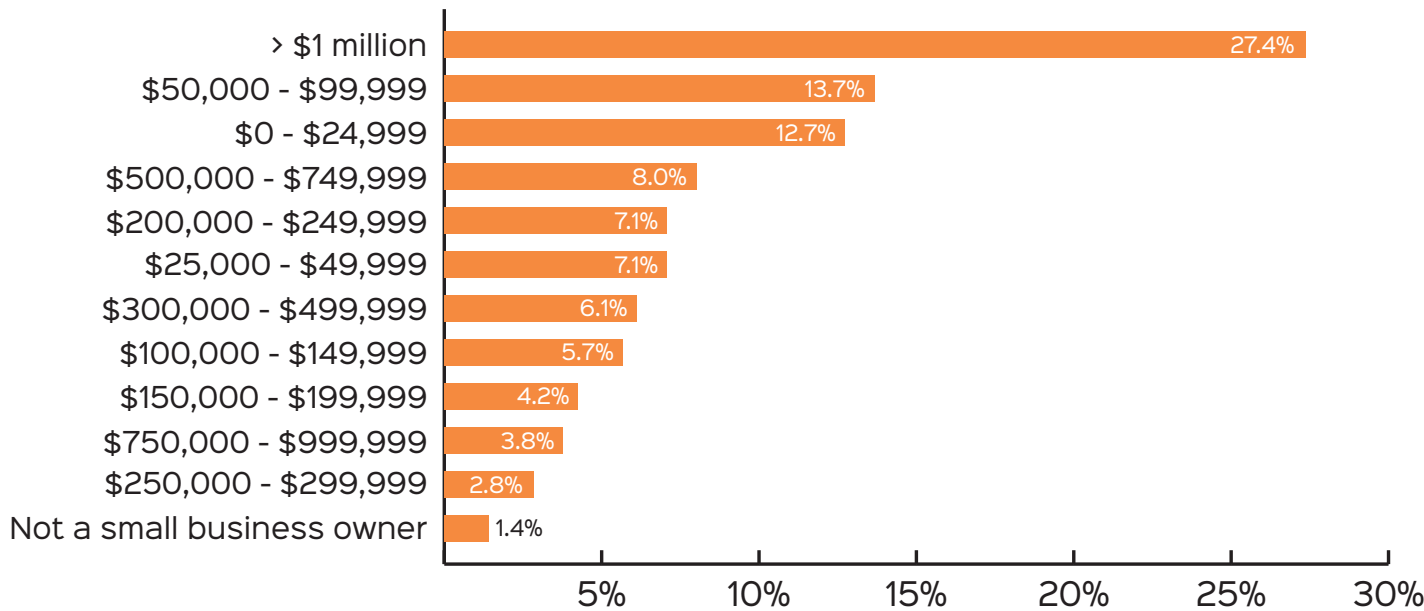
Annual gross sales were gauged in the survey.

Twenty-seven percent of respondents indicated they had sales greater than \$1 million (28), the highest dollar amount option in the survey.

Fourteen percent had a gross revenue of \$50,000 to \$99,999 (29); and 13 percent had a gross revenue of \$0 to \$24,000 (27). See Figure 16.

When considering gross sales, remember the majority of businesses responding to the survey had two to five employees and were existing businesses.

FIGURE 16. ANNUAL GROSS SALES – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS



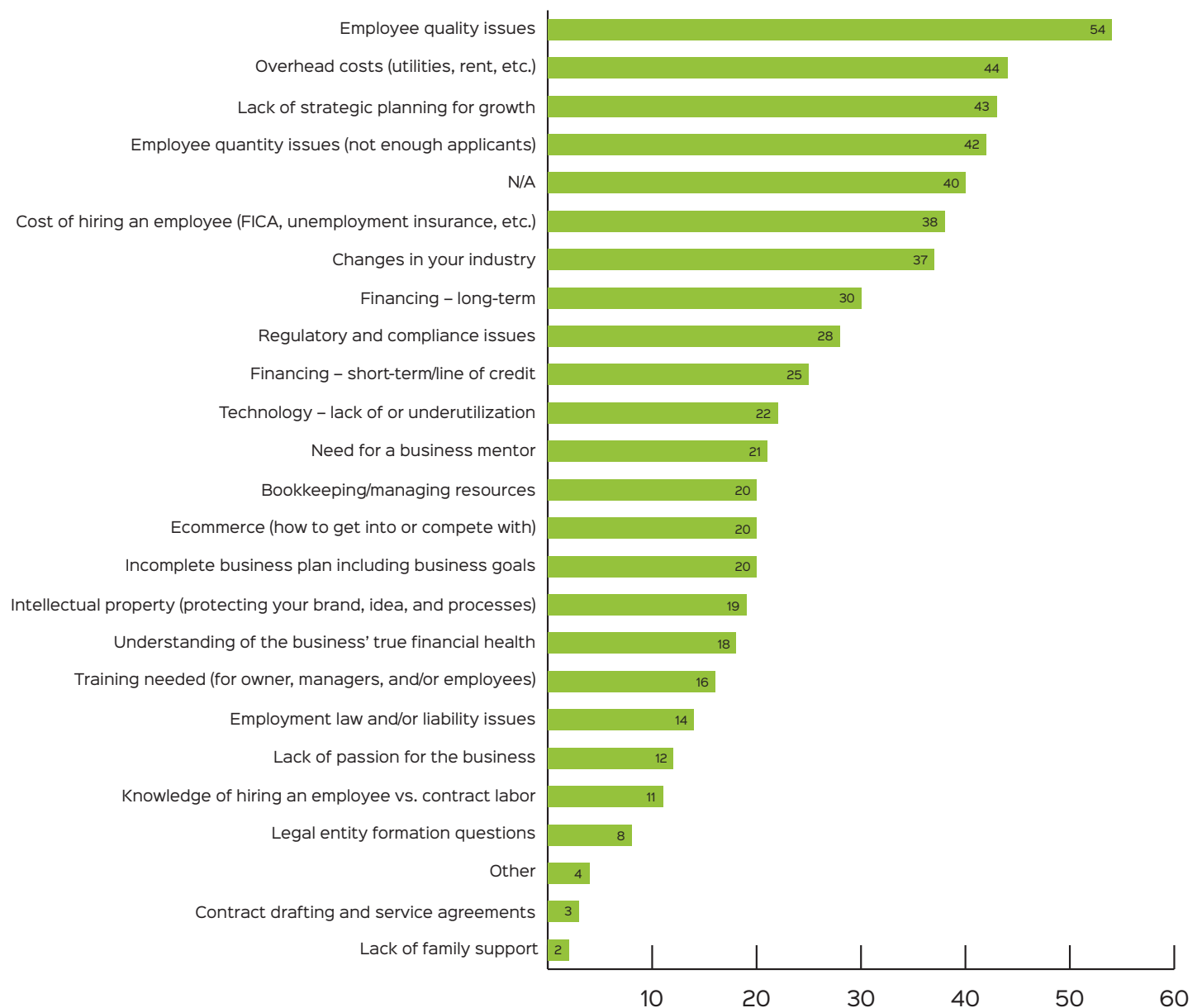
H. BUSINESS GROWTH INHIBITORS

To gauge business growth, we asked, *Oftentimes, we see businesses that want to grow, but for some reason do not. If you are one of those businesses, please offer some insight. Please mark all that apply.* Employee quality issues came in at the top with 54 responses. Overhead costs (44), lack of strategic planning for growth (43), and employee quantity issues (42) followed. See Figure 17.

Here, we see a trend: workforce affects businesses' prosperity. Kansas is largely agricultural, and farmers know that to yield a good crop, the soil must be prepped, the right amount of water and fertilizer must be given, and sun is needed to grow the seed. The seed will not grow without the sun. In this instance, the sun is Kansas' workforce.

A business can have a wonderful benefit package, a fair wage, and a nice environment to create a solid foundation. But, if you do not continue to provide

FIGURE 17. BUSINESS GROWTH INHIBITORS – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS



training, and you forget to water or educate your workforce, it will wilt and go away.¹¹ No state can afford to have an uneducated workforce. If not addressed properly, this will continue to inhibit Kansas' businesses to grow.

Earlier, it was noted that Kansas has had a record number of new businesses; however, providers need to continue communication with business owners regarding needs. Providers can then administer the necessary resources, and continue to see record numbers of businesses. Although this is Kansas' first year to disperse this survey, this response alone is reason enough to continue to evaluate and communicate with businesses to identify their needs.

Factors not inhibiting business growth were *contract drafting, service agreements, and a lack of family support*. We are encouraged to see that *lack of family support* was not a factor that inhibits growth; that support is a significant factor in long-term success.

11 Lipman, Victor. "Why employee development is important, neglected, and can cost you talent." Forbes. Jan. 29, 2013. <https://www.forbes.com/sites/victorlipman/2013/01/29/why-development-planning-is-important-neglected-and-can-cost-you-young-talent/#5dacfc6e6f63>

The *other* category included responses of *lack of community support* and *taxation*.

In 2016, a survey by the The Federal Reserve Bank of Kansas City indicated 70 percent of firms were not growing in the region of Kansas, Colorado, Missouri, Oklahoma, and Nebraska. See Figure 18. Kansas ranked second out of the five states for the least growing firms (75 percent), following Nebraska (78 percent).¹²

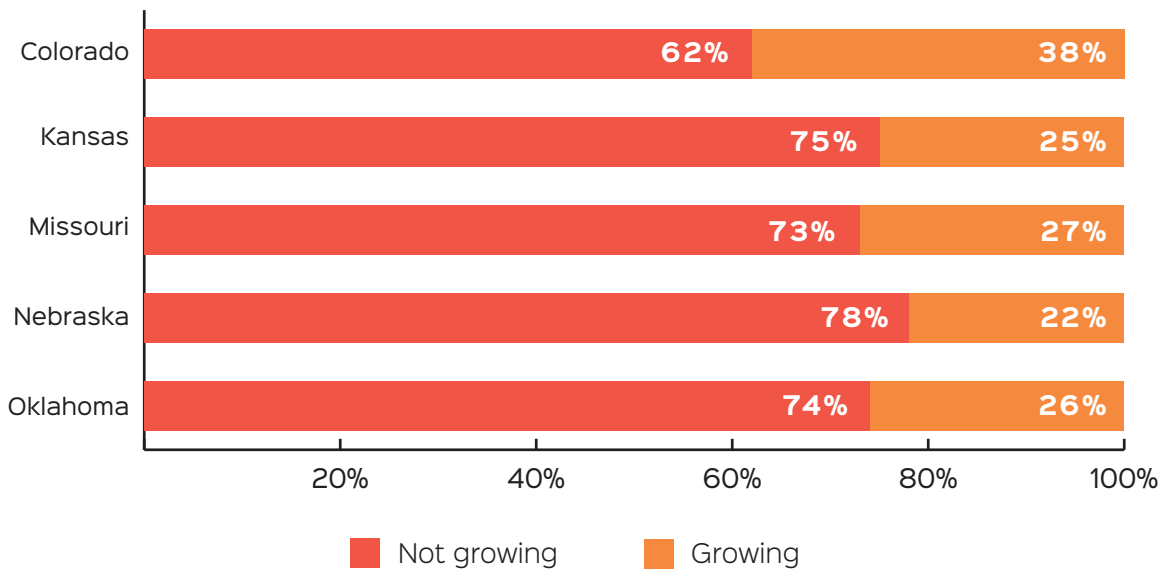
I. TRAINING AND TECHNOLOGY

Training and technology results are helpful as lenders and programs in Kansas consider programmatic changes and current services based on survey results.

When asked what types of training and/or assistance business owners would like to have, they were able to mark all that applied.

12 Federal Reserve Banks of Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond, St. Louis, and San Francisco. "Small Business Credit Survey: Report on Employer Firms." April 2017. <https://www.newyorkfed.org/smallbusiness/small-business-credit-survey-employer-firms-2016>

FIGURE 18. BUSINESS GROWTH BY STATE



Marketing and advertising (92) was widely indicated as the top pick for training needed for Kansas businesses. *Social networking* (49 responses) and *succession planning* (48 responses) were the second and third choices of business owners, and were nearly equal in responses. See Figure 19.

Nearly 20 percent of respondents indicated they were transitioning (within 10 years of exiting the business).

Other listings included *workforce*, *business mentor*, *networking organization*, *website development*,

and *industry-specific training*. This is the first time in the survey that a request for a business mentor is requested. Just like a well-trained and educated workforce, experience is an expensive asset, yet is crucial to business success. Mentorship is one guaranteed way to gain experience from others.

The survey asked how businesses would like training delivered. *Online (available when needed via YouTube, podcasts, etc.)* was the number one method, with 73 responses. The second choice was a *one-time workshop event*, with 38 responses. See Figure 20.

FIGURE 19. TRAINING NEED – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS

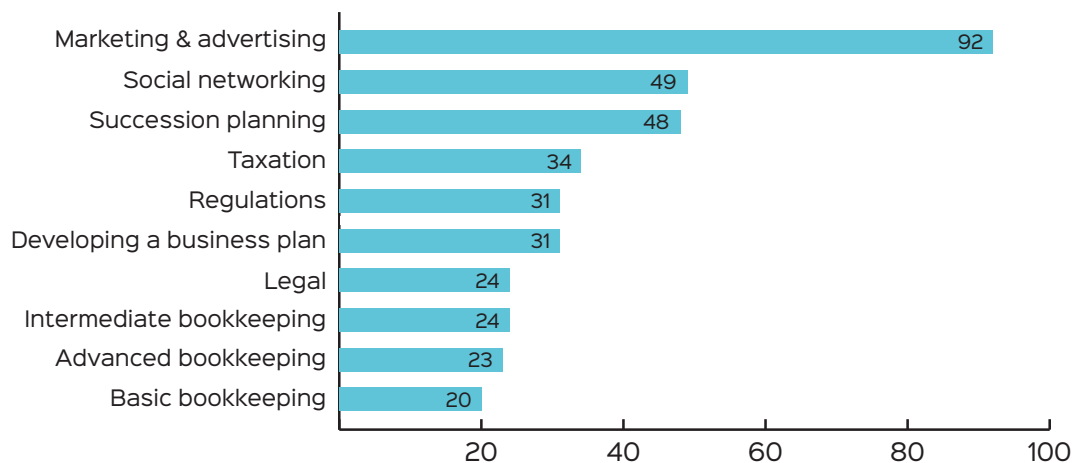
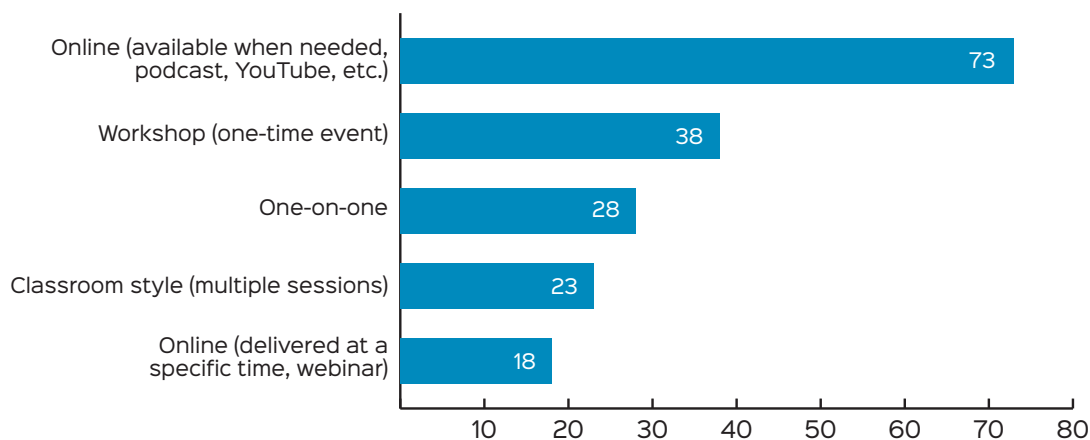


FIGURE 20. TRAINING AND ASSISTANCE DELIVERY METHODS – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS



Several respondents (25) stated that no training or assistance was needed. *Other* responses included *utilizing all of the above, mentoring, and the lack of rural broadband prohibiting online learning.*

The State of Kansas has been working to provide broadband internet access in rural areas since 2010. At the end of 2013, the final assessment was delivered in a report.¹³ Authors found 94 percent of businesses have internet service, a significant overall increase since the state's 2010 market survey which measured business internet use at 72 percent. However, cost and availability

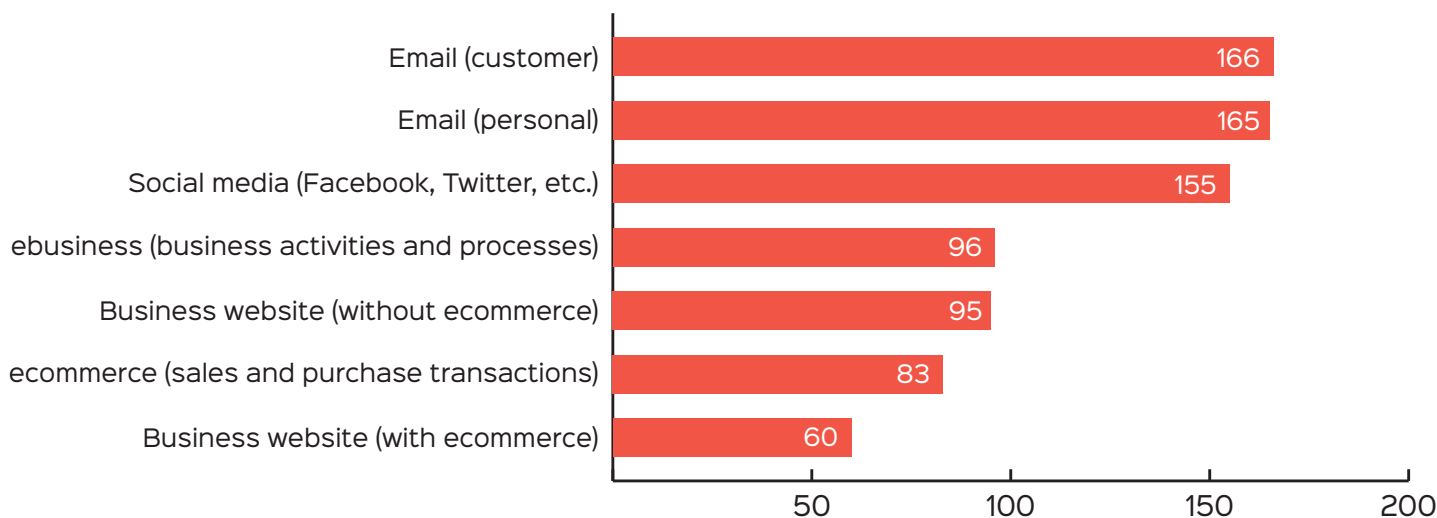
are factors inhibiting businesses' use of broadband. Businesses in rural areas tend to have access to slower services. Although business broadband adoption had increased, cost and availability were preventing businesses from taking even greater advantage of broadband as a tool. Former Secretary of Commerce Pat George stated, "Quality broadband is critical to success in today's economy."

The last question for businesses and aspiring businesses was, *What types of technology are typically used in your business?* They could mark all that apply.

Emailing (customer) and emailing (personal) were nearly tied for the top position, with 166 responses and 165 responses respectively. *Usage of social media (Facebook, Twitter, etc.)*, with 155 responses, was a close third. See Figure 21.

13 Kansas Department of Commerce. "Broadband in Kansas: Availability and Use Among Businesses." Dec. 11, 2013. CTC Technology & Energy. Columbia Telecommunications Corporation. <http://www.kansascommerce.com/DocumentCenter/View/4916>

FIGURE 21. BUSINESS TECHNOLOGY USAGE – BUSINESS OWNERS AND ASPIRING BUSINESS OWNERS



Photoshop, all-inclusive, on-demand business software, text message, and an online security system were listed in the *other* category as additional technologies used.

VII. LENDER AND RESOURCE PROVIDER RESPONSES

There were 143 lenders and resource providers who responded to the 2017 survey. Information gathered from this perspective is important because the lender and resource provider can see the business and the owner from economic, community, and personal perspectives. A majority of lender and resource providers' responses, 54 percent, were from females. See Figure 22.

A. BUSINESS NEEDS

Lenders and providers were asked, *What do you perceive as the difficulties of startup businesses with which you work? Please mark all that apply.*

Respondents see the need for *startup cash* and *business finance knowledge*. See Figure 23.

FIGURE 22. RESPONSES BY GENDER — LENDER AND RESOURCE PROVIDERS

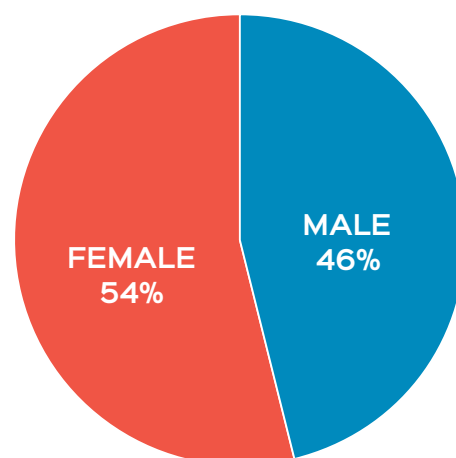
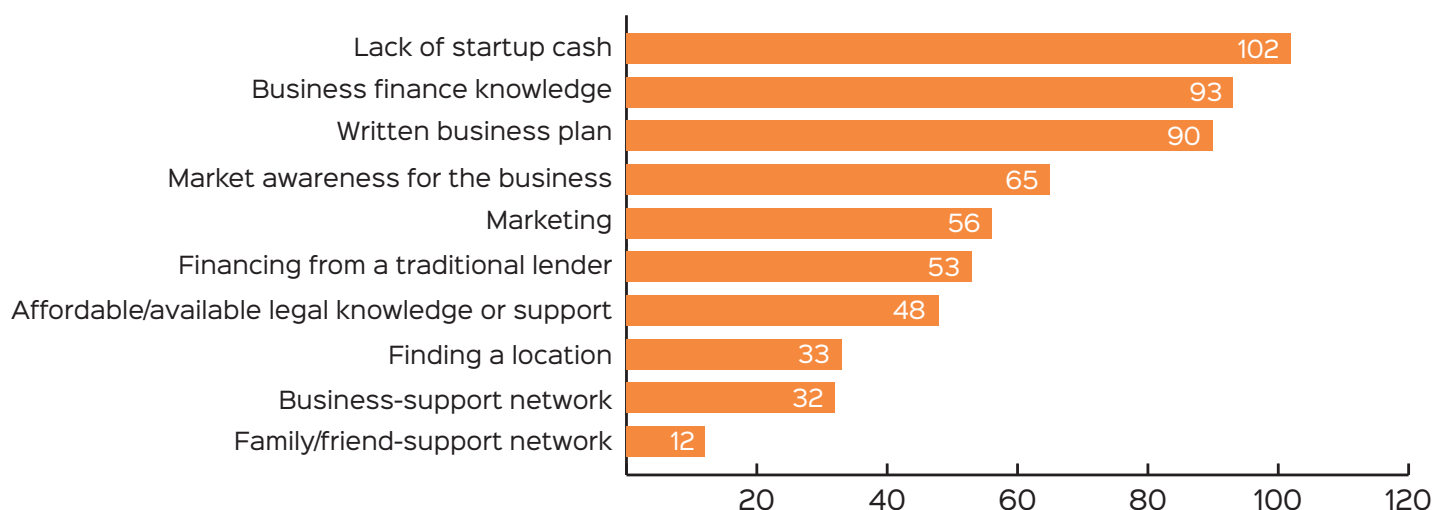


FIGURE 23. PERCEIVED STARTUP NEEDS IDENTIFIED BY LENDER AND RESOURCE PROVIDERS



Having enough startup cash is crucial to the survival and growth of the business. Lenders should articulate this while they help the entrepreneur understand business finance and/or refer the entrepreneur to training programs.

Listed under *other* were *appraisal issues, gap financing, workforce, lack of will or motivation, language barrier, and lack of resource awareness (state and local)*.

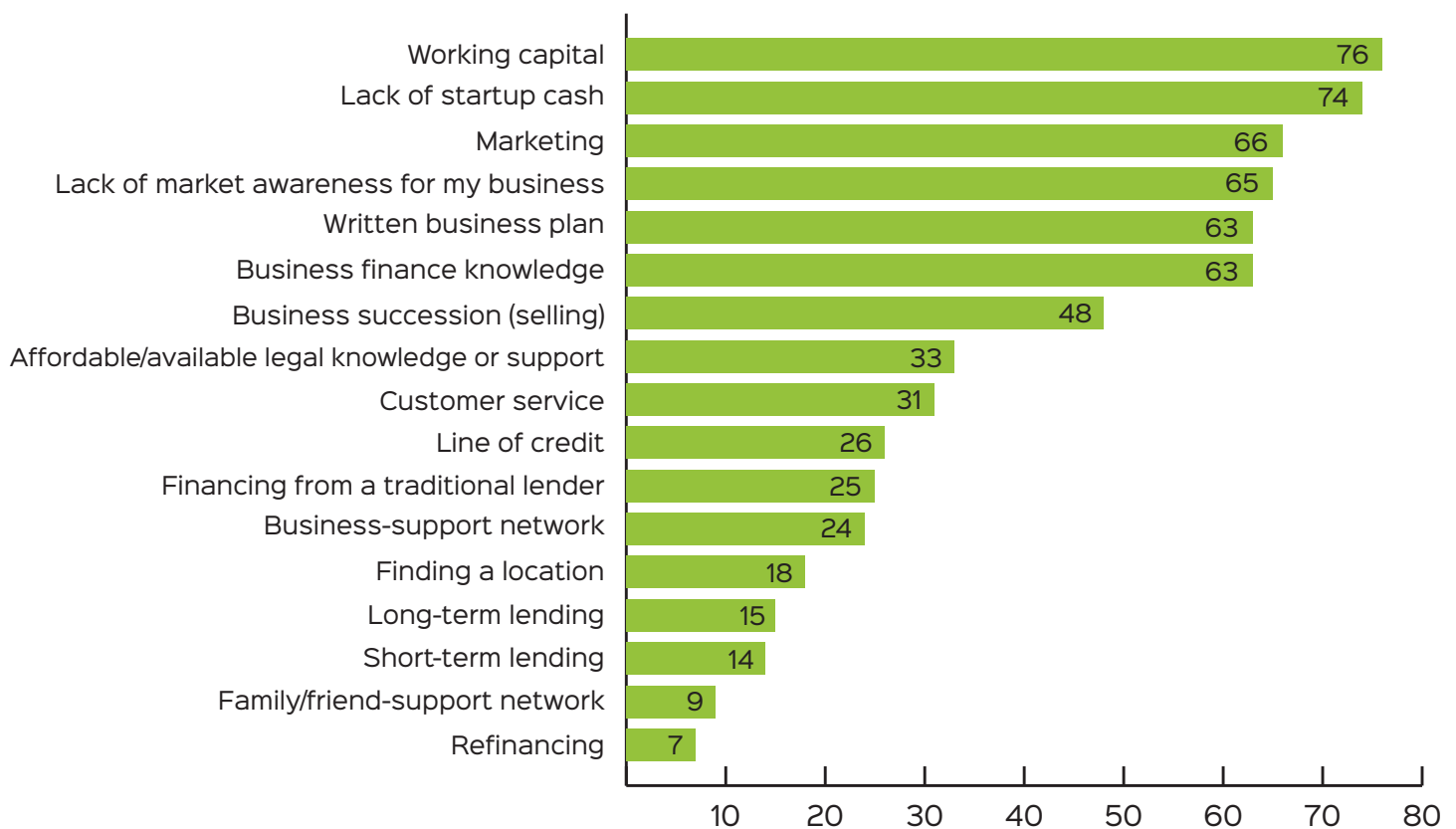
As lender and business owner responses are compared, there are some similarities. *Lack of startup cash* comes in as the top two responses from both

the business owners and those who serve them. *Lack of family/friend-support network* was not a significant difficulty from both perspectives.

Providers were asked, *What are the greatest current needs of businesses with which you work? Please mark all that apply.*

Interestingly, *not having enough working capital* was the top answer. See Figure 24. However, business owner respondents listed *working capital* as their third priority. *Marketing* was their top need followed by *market awareness*. Lenders placed *marketing* as their third perceived business need.

FIGURE 24. PERCEIVED CURRENT BUSINESS NEEDS IDENTIFIED BY LENDER AND RESOURCE PROVIDERS



Other responses included *cultural inclusion, lack of will or motivation to change, time management, workforce, and no current business needs.*

B. TRAINING NEEDS

Lenders were asked, *What types of training and/or assistance do you feel are needed for the businesses with which you work? Please mark all that apply.*

The top need indicated was *marketing and advertising* followed by *developing a business plan*. See Figure 25. Business owners and lenders and resource providers both marked *marketing and advertising* as the number one training need.

Under *other*, respondents listed *all of the above, leadership and supervisory training, networking, regulations, strategic planning, and workforce.*

Compared to the lenders and resource providers, business owners pointed out a higher need for business succession information and training.

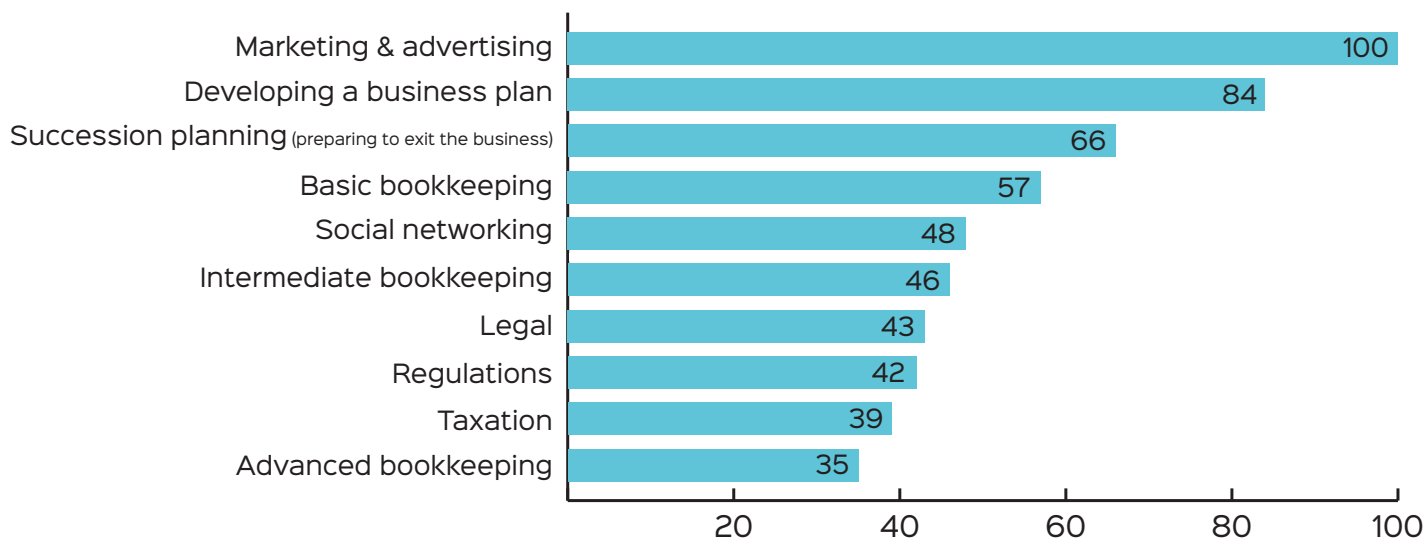
VIII. CONCLUSION

To ensure business owners are offered the products and services they need, it is imperative to simply ask. Business needs change as the economy shifts and technology modernizes, and entrepreneurs fluctuate in interests, financial situations, and energy levels. As citizens, large business owners, and business lenders and providers, we need to pay attention to those needs and assist if we want our downtowns, communities, and local economies to thrive.

Entrepreneurship provides employment as well as products and services that citizens need. It is especially important in rural communities, where small businesses add to the richness and character of a place.

Feedback from people who serve small businesses is an important piece of the puzzle, as they provide valuable insight. Local lenders and resource providers know what businesses need to be successful; they see businesses from a community level, and understand the importance of those businesses to the communities and local economies.

FIGURE 25. ASSISTANCE AND TRAINING NEEDS IDENTIFIED BY LENDERS AND RESOURCE PROVIDERS



IV. ACKNOWLEDGEMENTS

We are very thankful for all the businesses and those who serve them that took the time to complete the inaugural Kansas survey. Also, thanks to the many organizations that distributed the survey among their contacts, customers, and members.

If you would like a program delivered to your community or organization, please contact Adrienne Foster at 785.296.2161 or adrienne.foster@ks.gov and/or Dena Beck at 308.528.0060 or denab@cfra.org

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Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.



Small businesses line this street in Colby, Kansas. Photo by Jim Talbert.

